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Bangladesh, Barbados, Bolivia, Burkina Faso, Costa Rica, Ecuador, India, Madagascar, Mongolia, Morocco, Myanmar, Namibia and Trinidad and Tobago: draft resolution

Cooperatives in social development

The General Assembly,

Recalling its resolutions 47/90 of 16 December 1992, 49/155 of 23 December 1994 and 51/58 of 12 December 1996, in which it requested the Secretary-General to ascertain, in cooperation with the Committee for the Promotion and Advancement of Cooperatives, the desirability and feasibility of elaborating United Nations guidelines aimed at creating a supportive environment for the development of cooperatives,

Welcoming the report of the Secretary-General on the status and role of cooperatives in the light of new economic and social trends[1] and the draft guidelines aimed at creating a supportive environment for the development of cooperatives, annexed to the report,

Recognizing that cooperatives, in their various forms, are becoming a major factor of economic and social development by promoting the fullest possible participation in the development process of women and all population groups, including youth, older persons and people with disabilities, and are increasingly providing an effective and affordable mechanism for meeting people's needs for basic social services,

Recognizing also the important contribution and potential of all forms of cooperatives to the follow-up to the World Summit for Social Development,[2] the Fourth World

[1] A/54/57.

[2] *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8).

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Conference on Women,[3] the United Nations Conference on Human Settlements (Habitat II)[4] and the World Food Summit, and their plus-five-review special sessions,

1. *Takes note with appreciation* of the report of the Secretary-General on the status and role of cooperatives in the light of new economic and social trends;[1]

2. *Adopts* the Guidelines aimed at creating a supportive environment for the development of cooperatives contained in the annex to the present resolution;

3. *Requests* the Secretary-General to encourage wider dissemination and utilization of these Guidelines by Governments, national, regional and international cooperative organizations through, *inter alia*, the possible introduction of new or the revision of the existing laws and administrative provisions governing the activities of cooperatives, with a view to ensuring a supportive and enabling environment for cooperatives so that they can make an appropriate contribution to the attainment of the goals of social development, including overcoming poverty, securing productive employment and encouraging social integration;

4. *Urges* Governments, relevant international organizations and specialized agencies, in collaboration with national and international cooperative organizations, to give due consideration to the role and contribution of cooperatives in the implementation of and follow-up to the outcomes of the World Summit for Social Development, the Fourth World Conference on Women, the United Nations Conference on Human Settlements (Habitat II) and the World Food Summit, and their plus-five review special sessions, by *inter alia*:

(a) Utilizing and developing fully the potential and contribution of cooperatives for the attainment of social development goals, in particular the eradication of poverty, the generation of full and productive employment and the enhancement of social integration;

(b) Encouraging and facilitating the development of cooperatives, including taking measures aimed at enabling people living in poverty or belonging to vulnerable groups to engage on a voluntary basis in the creation and development of cooperatives;

(c) Taking appropriate measures aimed at creating a supportive and enabling environment for the development of cooperatives through, *inter alia*, developing an effective partnership between Governments and the cooperative movement;

5. *Invites* Governments, relevant international organizations, specialized agencies and national and international cooperative organizations to continue to observe the International Day of Cooperatives annually, on the first Saturday of July, as proclaimed by the General Assembly in its resolution 47/90 of 16 December 1992;

6. *Requests* the Secretary-General, in cooperation with the relevant United Nations organizations and international organizations, to render support to Member States, as appropriate, in their efforts to disseminate and utilize the guidelines aimed at creating a supportive environment for the development of cooperatives, including through the organization of workshops and seminars at national, subregional and regional levels;

7. *Also requests* the Secretary-General to prepare, in consultation with Member States and relevant United Nations and international organizations, a report on the implementation of the present resolution, and to submit it, through the Economic and Social Council, to the General Assembly at its fifty-sixth session.

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[3] *Report of the World Conference on Women, Beijing, 4-15 September 1995* (United Nations publication, Sales No. E.96.IV.13).

[4] *Report of the United Nations Conference on Human Settlements (Habitat II), Istanbul, 3-14 June 1996* (United Nations publication, Sales No. E.97.IV.6).

Annex

Guidelines aimed at creating a supportive environment for the development of cooperatives

Introduction

In its resolution 51/58 of 12 December 1996, the General Assembly requested the Secretary-General to ascertain, in cooperation with the Committee for the Promotion and Advancement of Cooperatives, the desirability and feasibility of elaborating United Nations guidelines aimed at creating a supportive environment for the development of cooperatives and to include his findings and recommendations in a report to be submitted to the General Assembly at its fifty-fourth session.

In response to that request, the Committee took up the matter at its fifty-sixth session, held at Geneva in November 1996. It decided in principle that such guidelines were highly desirable: the only existing guidance was provided by Cooperatives (Developing Countries) Recommendation No. 127, adopted on 21 June 1966 by the General Conference of the International Labour Organization. A meeting of experts on cooperatives was held at Geneva from 29 March to 2 April 1993 by the International Labour Organization. It concluded that, after nearly three decades of substantial change in global economic and social conditions in the cooperative movement and in the relations between it and Governments, there was need to change the tone and emphasis of the Recommendation to reassess the underlying concepts of aid to cooperatives and to include matters not addressed by it.

Moreover, in the view of the Committee, there was an urgent need for guidance to many Governments on policy regarding cooperatives and the cooperative movement in view of the importance of the movement, as agreed upon by them at the series of recent global conferences for new forms of collaboration and partnership with major stakeholders within society. New forms of relationships between Governments and the cooperative movement had been called for at a series of ministerial level meetings organized by the International Cooperative Alliance. The role and status of both Governments and the cooperative movement had changed drastically in formerly socialist countries and in many other developing countries. The international cooperative movement itself had comprehensively reviewed its values and principles and the nature of its proper relationship with other sections of society, including Governments, and had adopted a new "Statement on the Cooperative Identity" at the centennial congress of the International Cooperative Alliance in 1995.

In order to explore the feasibility of elaborating such guidelines, the Committee appointed a consultant to prepare a draft. A first version was reviewed and a second version examined at a consultative meeting attended by specialists from around the world, as well as by representatives of members of the Committee, at Geneva in May 1997. On the basis of extensive examination at that meeting, a third version of the draft guidelines was prepared.

The draft guidelines were circulated widely in print and electronic version. The electronic version of the guidelines was posted on the Committee for the Promotion and Advancement of Cooperatives Web site in January 1998. A printed version was also included in the International Day of Cooperatives press pack, which was mailed in July 1998 to over 2,000 organizations. The Committee also requested input from a number of cooperative organizations on an individual basis and briefed and provided copies of the guidelines at the International Cooperative Alliance meeting of chairpersons of the specialized bodies in March of 1998. No major comments to the guidelines were received by the Secretariat with the exception of a critical review by the Industrial Common Ownership Movement,

which was circulated to members upon receipt. Other than this comment, there have been no negative reactions to the guidelines or any suggestions for improvements. Specific comments of approval were received from the International Cooperative Alliance Board, which reviewed and adopted the guidelines at their meeting in Tokyo in April 1998, and from the Federation of Danish Cooperatives. The representative of the International Labour Organization also reported that, despite the fact that the proposal for the revision of ILO Recommendation 127 was not accepted, the discussion of the item indicated that Governments in developing countries supported having a new standard on cooperatives, thus showing that there was a need for some sort of guidelines.

On the basis of the process of elaborating this draft, the Committee is able to advise the Secretary-General that it considers further elaboration of guidelines to be entirely feasible. During the process of wide circulation of the drafts of the guidelines by the Committee, the views expressed by specialists within the cooperative movement as well as in governmental and intergovernmental organizations is unanimously that such guidelines are desirable.

Objectives

1. Within the General Assembly and the Economic and Social Council, and at major recent international conferences, Governments have acknowledged the significance of cooperatives as associations and enterprises through which citizens effectively overcome a wide range of problems and achieve many of their goals. They have recognized the cooperative movement as a distinct and major stakeholder in both national and international affairs.

2. Governments recognize that the cooperative movement is highly democratic, locally autonomous but internationally integrated, and a form of organization of associations and enterprises whereby citizens themselves rely on self-help and their own responsibility to meet goals that include not only economic but social and environmental objectives, such as overcoming poverty, securing productive employment and encouraging social integration.

3. Consequently, Governments seek to support the cooperative movement and to work closely with it to develop an effective partnership to achieve their respective goals. Policies setting out the objectives and means of support and collaboration are valuable instruments for ensuring that the potential of cooperatives for meeting the individual goals of citizens who are members, and through this the aspirations of the wider societies of which they are a part, is realized.

4. However, such policies can be effective only if they take into account the special character of cooperatives and the cooperative movement, which differs significantly from that of associations and enterprises not organized according to cooperative values and principles.

5. The objective of the present guidelines is to provide advice to Governments that is appropriate to contemporary and anticipated conditions. Because of the expectations shown by Governments in recent years regarding the cooperative movement and the rapidly changing global conditions and changes in the cooperative movement itself, many policies in most of the States Members of the United Nations might benefit from review, and in some cases from substantial revision. Given the relevance of cooperatives to many aspects of national life, as well as the special nature of cooperative organization, policy in respect to cooperatives may be complex and sensitive. It is the purpose of these guidelines to set out succinctly the principles on which national policy might best be based and the scope and

content likely to suffice as a framework for the necessarily more specific and detailed national policies which fall within the responsibility of each Government.

Policy regarding cooperatives and the cooperative movement

6. The objective of the policy is to ensure that cooperatives, recognized as legal entities, are assured real equality with other types of associations and enterprises, and that this equality is extended to all organizations and institutions set up by the cooperative movement. Enjoyment of such equality requires that the special values and principles of cooperative organization, expressed in the particular forms taken by cooperative organization, receive full recognition as being desirable and beneficial to society and that appropriate measures are taken to ensure that their special qualities and practices are not the cause of discrimination and disadvantage of any kind.

7. To achieve this objective, Governments are concerned with creating, and with maintaining as conditions change, a supportive and enabling environment for cooperative development. As part of such an environment, it is useful if every effort is made to create and maintain an effective partnership between Governments and the cooperative movement.

A. Public recognition

8. It is appropriate and useful for Governments to acknowledge publicly the special contribution, in both quantitative and qualitative terms, made by the cooperative movement to the national economy and society. It is also beneficial for Governments to acknowledge and publicize the purposes of all forms of partnership and collaboration between themselves and the cooperative movement. A number of specific actions may be useful, one of which might be full participation in the annual joint observance of the United Nations International Day of Cooperatives and the International Cooperative Day organized by the International Cooperative Alliance, pursuant to General Assembly resolutions 47/90, 49/155 and 51/58; and appropriate participation in other celebrations of the cooperative movement.

B. Legal, judicial and administrative provisions

9. Appropriate provision is necessary within legal, judicial and administrative practice if these most important areas of the environment in which cooperatives exist are to contribute positively to the supportive and enabling nature of that environment. Legal provisions may take various forms appropriate to individual national legal systems. The status, rights and responsibilities of cooperatives and the cooperative movement in general, as well as, if appropriate, those of special categories of cooperatives or of distinct aspects of cooperation should be addressed.

10. National constitutions: These instruments could acknowledge, if appropriate, the legitimacy of cooperatives and the cooperative movement and the utility of their contribution to national life.

11. General law on cooperatives or the general section of a single law on cooperatives: A general law on cooperatives could form the basic element in legal provisions and the fundamental point of guidance for all judicial and administrative practice. Participation by representatives of the cooperative movement in its formulation would be a valuable means to ensure its relevance and utility. It should acknowledge the nature of cooperation and its utility, set out criteria for treatment of cooperatives in law and define the nature of governmental responsibilities as well as the rights and responsibilities of the cooperative movement. It should include the following basic set of acknowledgments, definitions and provisions, certain of which might be set out in a preambular section: acknowledgment that

the organization of associations and enterprises on the basis of cooperative values and principles is legitimate; acknowledgment of the utility of the cooperative approach to association and enterprise, its contribution to national life and the status of the cooperative movement as a significant stakeholder within society; definition of cooperatives, using the "Statement on the Cooperative Identity" adopted by the International Cooperative Alliance in 1995; recognition of the unique nature of the values and principles of cooperation, and hence the need for their separate and distinct treatment in law and practice; commitment that neither their unique nature nor their separate and distinct treatment in law and practice should be the cause of discrimination, intended or not; undertaking that no law or practice should restrict the rights of citizens to full participation in the cooperative movement in any capacity consistent with its values and principles and should not restrict the operation of that movement; provision that a general law apply to all categories of cooperatives but that, in order to respond to the situation of certain categories of cooperatives, special laws might be enacted, consistent with the general law; stipulation that all judicial and administrative regulations and practices be based only on the general or special laws on cooperatives; that all regulations clearly identify the provision of the law on which they are based and the purpose for which they are made; recognition of the full autonomy and capacity for self-regulation of the cooperative movement; acknowledgment that intervention by Governments in the internal affairs of the movement should be strictly limited to measures applied generally to all associations and enterprises equally in order to ensure their conformity with the law. Adjustments may be made only to ensure: real equality in treatment; definition of the responsibilities of the cooperative movement for self-regulation in all matters distinctive to it; provision that the texts of laws and regulations be made available to all cooperative members and employees; provision that representatives of the cooperative movement participate fully in drafting special laws or judicial or administrative regulations and guidelines concerning practice; provision for the maintenance of a public register of cooperatives as a part of procedures for registration of all associations and enterprises; provision for procedures for continuous monitoring and regular review of law and practice which would include the full and equal participation of representatives of the cooperative movement and for encouragement of research on the effect of law and practice on the environment for cooperatives; establishment of the responsibility of Governments to formulate and carry out a policy in respect to cooperatives that would seek to establish a supportive and enabling environment while avoiding any infringement of the autonomy of the movement and any diminution of its capacity for responsible self-regulation and would seek also to engage in an effective and equal partnership with the movement in all matters where it is able to contribute significantly to the formulation and carrying out of public policy; recognition of the value of governmental support for the international cooperative movement, including through intergovernmental activities; and definition of the responsibilities of the cooperative movement as a major stakeholder in society, to the extent these responsibilities are consistent with its full autonomy. These responsibilities include making available its experience in self-reliant, people-oriented and community-based organizations of associations and enterprises.

12. Special laws on certain categories of cooperatives: These must be consistent with the basic provisions set out in either a general law or in the preambular and initial sections of a single law where neither exists. Each special law should provide the same set of such basic provisions. They may be necessary when the distinctive nature of cooperatives requires special provision in law to safeguard their autonomy while achieving their equal although distinctive inclusion in generally applicable regulations. This is often the case in respect to financial cooperatives.

13. Judicial and administrative practice concerned explicitly with cooperatives: These must be consistent with the general law on cooperatives and, specifically, with its provisions concerning such practice.

14. All other laws and practices insofar as they may have an effect on cooperatives: Many laws and judicial and administrative practices may affect the environment in which cooperatives operate, whether intentionally or not. Relevant governmental bodies should make every effort to exclude any discriminatory or prejudicial impact. Responsibility for identifying cases needing revision lies with the cooperative movement. Government bodies should assist by making available the full text of drafts of proposed laws or regulations as well as any evaluation of their impact.

15. Monitoring, review and revision of laws and judicial and administrative practices: This is necessary to ensure that the impact of laws and judicial and administrative practices on the cooperative movement is entirely positive. If identified, discriminatory provisions should be rendered inoperative as quickly as possible pending enactment of revised laws or the issuance of revised regulations and guidelines concerning practice. This process should have as its purpose the early and complete disengagement by Governments from the internal affairs of cooperatives and the cooperative movement, where this still exists, and full operational realization of the principles that cooperatives, although different, are equal to other business enterprises and civil associations.

16. For these purposes, formal procedures for consultation and collaboration should be set up and should include regular and full participation by the cooperative movement. Advantage may be taken also of the special programmes and guidelines offered by specialized international cooperative organizations and intergovernmental organizations.

C. Research, statistics and information

17. Research: Given the significance of the cooperative movement, its own research and development programmes and the active role of Governments in supporting research generally, it is appropriate to undertake the following measures: recognition of the contribution of the cooperative movement itself, and hence disengagement from any direct intervention other than that applied to any recipient of public funding; provision for equal access as other types of associations, enterprises or movements to public funds; collaboration between governmental and cooperative movement research on matters relevant to public policy, publication and wide diffusion of research results, including those produced by the international cooperative movement, intergovernmental organizations and the United Nations. Emphasis should be on applied research of immediate utility in improving the efficiency of cooperatives, extending benefits to society and improving partnerships between the cooperative movement and Governments.

18. Statistics: Several measures may be undertaken to improve statistics for and about cooperatives: extend technical support provided by the national statistical service to the cooperative movement to an extent at least equal to that provided to other major stakeholders; assist in preparation of the annual report of the register of cooperatives; undertake preliminary studies on which to base integration of statistics on cooperatives in regular programmes of the national statistical service and participate in international efforts to improve cooperative statistics, including the establishment of a uniform set of definitions for use by national statistical services.

19. Information: Given that Governments regulate and broadly influence information diffusion, a number of measures may be useful in expanding knowledge of the cooperative movement and overcoming prejudices and misconceptions: extension of technical and

financial assistance to an extent equal to that made available to other stakeholders; ensuring that no discrimination exists because of the distinctive nature of cooperatives; equal and non-discriminatory access by the cooperative movement to all public media commensurate with its contribution to national life; use of affirmative action to overcome prejudice and misinformation where the term cooperative is associated with a previous and inappropriate usage; diffusion through public media of material on intergovernmental activities undertaken in partnership with or in support of cooperatives; dissemination of printed and computer-based information prepared by governmental or intergovernmental bodies with the same priority and resources as allocated to information on other stakeholders.

D. Education

20. Given the important contributions of the cooperative movement to education, a number of supportive and enabling measures might be useful: acknowledgment of the contributions made; commitment to non-interference in the movement's own programmes other than those generally applied in order to maintain standards in all educational institutions; avoidance of discrimination in certification and accreditation; support for all forms of collaboration and partnership between cooperative and public systems and assurance of equality with other types of private education (where this exists) in respect to eligibility for public funds; consideration of the option constituted by cooperative organization in programmes of privatization; encouragement of self-reliance among students by facilitating the formation of cooperatives to supply them with goods and services, including accommodation; encouragement of formation by public educational institutions of purchasing, supply and common service cooperatives; assurance of equal access by cooperatives with other suppliers, inclusion within the national curricula at all levels of the study of the values principles, history, current and potential contribution of the cooperative movement to national society; and encouragement and support of specialized studies in cooperatives at the tertiary level.

E. Provision of public funds

21. Financial self-reliance, total responsibility and full independence are vital for an effective cooperative enterprise. The best policy approach is one where cooperatives receive the same treatment as any other form of enterprise. A number of other measures are valuable: acknowledgement and protection of the special character of cooperatives and avoidance in law or practice of any discrimination arising from the special financial status, organization and management of cooperatives; avoidance of any direct or indirect engagement in the internal financial affairs of cooperatives or of the cooperative movement and recognition of the full responsibility of the movement for its own financial affairs; and the development of partnerships with cooperative financial institutions in such matters as community and regional development, drawing on their experience of mobilizing and managing capital in a manner and for purposes conducive to the public good.

F. Institutional arrangements for collaboration and partnership

22. Many governmental departments and bodies will have contact with the cooperative movement, while a policy of enabling and supporting cooperatives and operating an effective partnership with the movement will involve actions by a wide range of governmental institutions. In order to ensure consistency with broad general policy, certain coordinating functions within government, as well as liaison with the cooperative movement, will be useful.

23. It is advisable that a single department or office assume central coordinating, focal and liaison functions, of which the following might be most important: elaboration of a single national comprehensive policy in respect of cooperatives, formulation of guidelines for consistent execution throughout government, including monitoring and review of that execution; collaboration with legal departments in drafting the general and any special laws; and liaison, consultation and collaboration with the cooperative movement.

24. The most effective organizational location for the responsible entity would be within a department already charged with broad strategic and coordinating functions, such as the office of a prime minister or president, or that responsible for economic management of development planning.

25. An institutional arrangement appropriate to specific national conditions, which would permit effective collaboration between Governments and the cooperative, movement would be valuable.

26. Liaison between intergovernmental programmes and the international cooperative movement should be supported, including, in particular, that achieved through the Committee for the Promotion and Advancement of Cooperatives.